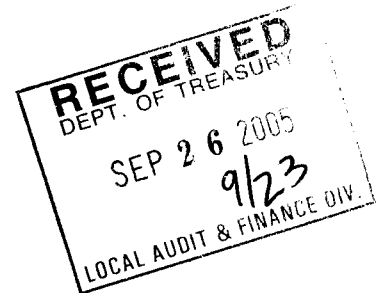
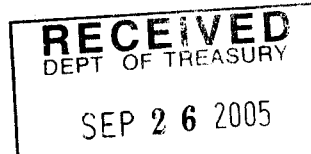


TOWNSHIP OF GENEVA  
Van Buren County, Michigan

FINANCIAL REPORT WITH  
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2005





## AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

<b>Local Government Type</b> <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		<b>Local Government Name</b> Township of Geneva	<b>County</b> Van Buren
<b>Audit Date</b> March 31, 2005	<b>Opinion Date</b> July 5, 2005	<b>Date Accountant Report Submitted to State:</b> September 16, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |  |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).   |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

<b>Certified Public Accountant (Firm Name)</b> Campbell, Kusterer & Co., P.C.			
<b>Street Address</b> 512 N. Lincoln, Suite 100, P.O. Box 686	<b>City</b> Bay City	<b>State</b> MI	<b>Zip</b> 48707
<b>Accountant Signature</b> Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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KENNETH P. KUSTERER, CPA

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## INDEPENDENT AUDITOR'S REPORT

July 5, 2005

To the Township Board  
Township of Geneva  
Van Buren County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Geneva, Van Buren County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Geneva's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Geneva, Van Buren County, Michigan as of March 31, 2005, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2005

The Management's Discussion and Analysis report of the Township of Geneva covers the Township's financial performance during the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2005, totaled \$1,572,246.66 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$877,576.81 from governmental activities. Governmental activities had a \$111,098.69 increase in net assets with major road improvements of \$245,599.10 and a loss of 2.2% in revenue sharing.

Taxable value increased by approximately \$3,610,643.00 or 5.91%.

We did not incur any debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, Cemetery Perpetual Care Fund, Fire & Ambulance Fund, Liquor Fund, and the Current Tax Collection Fund.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2005

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Cemetery Perpetual Care Fund, the Fire & Ambulance Fund and the Liquor Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

During the year we provided transfer station services, maintenance of roadways, Ambulance & Fire protection by authority, Airport services by authority, Humane Society service by contract, library service by contract, and police protection by contract.

Our cash position in the governmental activities remains strong. Our external debt is \$0.00.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are highways and streets which incurred expenses of \$245,599.10 and Sheriff Department Police Protection of \$57,978.52.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$2,303.98 in capital assets.

The Township has no long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents 37.2% of our income. We continue to grow at a 5.91% rate in taxable values with little demand for infrastructure, except good roads and safety services.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Supervisor, Clerk or Treasurer at 269-427-7607.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
March 31, 2005

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	1 115 943 12
Investments	18 922 81
Taxes receivable	<u>72 150 57</u>
Total Current Assets	<u>1 207 016 50</u>
NON-CURRENT ASSETS:	
Capital Assets	435 311 84
Less: Accumulated Depreciation	<u>(62 491 28)</u>
Total Non-current Assets	<u>372 820 56</u>
TOTAL ASSETS	<u>1 579 837 06</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>7 590 40</u>
Total Current Liabilities	<u>7 590 40</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>7 590 40</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	372 820 56
Unrestricted	<u>1 199 426 10</u>
Total Net Assets	<u>1 572 246 66</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1 579 837 06</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
Year ended March 31, 2005

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
Legislative	13 492 07	-	(13 492 07)
General government	138 763 77	38 157 69	(100 606 08)
Public safety	323 690 19	25 638 23	(298 051 96)
Public works	274 807 40	10 037 92	(264 769 48)
Culture and recreation	1 000 00	-	(1 000 00)
Other	14 724 69	-	(14 724 69)
Total Governmental Activities	<u>766 478 12</u>	<u>73 833 84</u>	<u>(692 644 28)</u>
General Revenues:			
Property taxes			447 171 09
State revenue sharing			332 398 11
Interest			10 711 24
Miscellaneous			13 462 53
Total General Revenues			<u>803 742 97</u>
Change in net assets			111 098 69
Net assets, beginning of year			<u>1 461 147 97</u>
Net Assets, End of Year			<u>1 572 246 66</u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF GENEVA  
Van Buren County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS  
March 31, 2005

<u>Assets</u>	<u>General</u>	<u>Fire</u>	<u>Other Funds</u>	<u>Total</u>
Cash in bank	797 710 67	299 813 14	8 710 88	1 106 234 69
Investments	-	-	18 922 81	18 922 81
Taxes receivable	38 916 18	33 234 39	-	72 150 57
Due from other funds	5 732 75	3 975 68	-	9 708 43
Total Assets	<u>842 359 60</u>	<u>337 023 21</u>	<u>27 633 69</u>	<u>1 207 016 50</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	-	6 879 00	711 40	7 590 40
Total liabilities	<u>-</u>	<u>6 879 00</u>	<u>711 40</u>	<u>7 590 40</u>
Fund equity:				
Fund balances:				
Reserved for cemetery care	-	-	18 922 81	18 922 81
Unreserved:				
Undesignated	842 359 60	330 144 21	7 999 48	1 180 503 29
Total fund equity	<u>842 359 60</u>	<u>330 144 21</u>	<u>26 922 29</u>	<u>1 199 426 10</u>
Total Liabilities and Fund Equity	<u>842 359 60</u>	<u>337 023 21</u>	<u>27 633 69</u>	<u>1 207 016 50</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
March 31, 2005

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	1 199 426 10
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	435 311 84
Accumulated depreciation	<u>(62 491 28)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>1 572 246 66</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
Year ended March 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Other Funds</u>	<u>Total</u>
Revenues:				
Property taxes	231 496 18	215 674 91	-	447 171 09
Licenses and permits	25 638 23	-	-	25 638 23
State revenue sharing	331 463 66	-	934 45	332 398 11
Charges for services - PTAF	20 114 63	-	-	20 114 63
Charges for services - cemetery	18 043 06	-	-	18 043 06
Interest	7 831 41	2 670 94	208 89	10 711 24
Special assessments	10 037 92	-	-	10 037 92
Miscellaneous	12 055 43	-	1 407 10	13 462 53
Total revenues	<u>656 680 52</u>	<u>218 345 85</u>	<u>2 550 44</u>	<u>877 576 81</u>
Expenditures:				
Legislative:				
Township Board	13 492 07	-	-	13 492 07
General government:				
Supervisor	12 750 00	-	-	12 750 00
Elections	8 376 68	-	-	8 376 68
Assessor	11 400 00	-	-	11 400 00
Audit	4 400 00	-	-	4 400 00
Clerk	12 750 00	-	-	12 750 00
Board of Review	1 287 50	-	-	1 287 50
Treasurer	12 750 00	-	-	12 750 00
Building and grounds	9 498 70	-	-	9 498 70
Cemetery	28 100 92	-	-	28 100 92
Unallocated	29 401 31	-	-	29 401 31
Public safety:				
Police protection	57 978 52	-	-	57 978 52
Fire protection	-	229 098 25	-	229 098 25
Inspectors	28 498 84	-	-	28 498 84
Ordinance enforcement	8 114 58	-	-	8 114 58
Public works:				
Highways and streets	245 599 10	-	-	245 599 10
Street lights	3 124 23	-	-	3 124 23
Sanitation	20 745 26	-	-	20 745 26
Drains	2 381 25	-	-	2 381 25
Airport	825 00	-	-	825 00
Culture and recreation:				
Library	1 000 00	-	-	1 000 00
Other:				
Insurance	8 834 00	-	-	8 834 00
Pension	5 890 69	-	-	5 890 69
Capital outlay	2 303 98	-	-	2 303 98
Total expenditures	<u>529 502 63</u>	<u>229 098 25</u>	<u>-</u>	<u>758 600 88</u>
Excess (deficiency) of revenues over expenditures	127 177 89	(10 752 40)	2 550 44	118 975 93
Fund balances, April 1	<u>715 181 71</u>	<u>340 896 61</u>	<u>24 371 85</u>	<u>1 080 450 17</u>
Fund Balances, March 31	<u>842 359 60</u>	<u>330 144 21</u>	<u>26 922 29</u>	<u>1 199 426 10</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year ended March 31, 2005

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS

118 975 93

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,  
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense  
Capital Outlay

(10 181 22)  
2 303 98

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

111 098 69

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2005

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Geneva, Van Buren County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Geneva. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent Fund

The Cemetery Perpetual Care Fund is used to account for assets that are legally restricted.

Fiduciary Funds

The Current Tax Collection Fund and the Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2004 tax roll millage rate was 7.4534 mills, and the taxable value was \$61,047,810.00.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	20-50 years
Equipment	4-20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Township's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling \$372,820.56.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2005

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.



TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2005

Note 3 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>1 133 344 92</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	116 309 88
Uninsured and Uncollateralized	<u>1 017 140 50</u>
Total Deposits	<u>1 133 450 38</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Risk-Categorized: Operating Funds	-	-	-	-
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	-
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>18 922 81</u>
Total Investments				<u>18 922 81</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2005

**Note 4 – Capital Assets**

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/04	Additions	Deletions	Balance 3/31/05
<u>Governmental Activities:</u>				
Land	79 847 36	-	-	79 847 36
Buildings	331 067 50	-	-	331 067 50
Equipment	22 093 00	2 303 98	-	24 396 98
Total	433 007 86	2 303 98	-	435 311 84
Accumulated Depreciation	(52 310 06)	(10 181 22)	-	(62 491 28)
Net Capital Assets	<u>380 697 80</u>	<u>(7 877 24)</u>	<u>-</u>	<u>372 820 56</u>

**Note 5 – Pension Plan**

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2005, was \$5,890.69

**Note 6 – Deferred Compensation Plan**

The Township does not have a deferred compensation plan.

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Note 8 – Building Permits**

As of March 31, 2005, the Township had building permit revenues of \$24,038.23 and building permit expenses of \$28,498.84.

**Note 9 – Interfund Receivables and Payables**

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	105 00	Agency	105 00
General	5 627 75	Current Tax Collection	5 627 75
Fire	3 975 68	Current Tax Collection	3 975 68
Total	<u>9 708 43</u>	Total	<u>9 708 43</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	229 710 69	229 710 69	231 496 18	1 785 49
Licenses and permits	30 125 00	30 125 00	25 638 23	(4 486 77)
State revenue sharing	253 500 00	253 500 00	331 463 66	77 963 66
Charges for services – PTAF	13 300 00	13 300 00	20 114 63	6 814 63
Charges for services – cemetery	13 100 00	13 100 00	18 043 06	4 943 06
Interest	6 500 00	6 500 00	7 831 41	1 331 41
Special assessments	728 50	728 50	10 037 92	9 309 42
Miscellaneous	13 375 00	13 375 00	12 055 43	(1 319 57)
Total revenues	<u>560 339 19</u>	<u>560 339 19</u>	<u>656 680 52</u>	<u>96 341 33</u>
Expenditures:				
Legislative:				
Township Board	18 000 00	18 000 00	13 492 07	(4 507 93)
General government:				
Supervisor	12 750 00	12 750 00	12 750 00	-
Elections	8 500 00	8 500 00	8 376 68	(123 32)
Assessor	11 400 00	11 400 00	11 400 00	-
Audit	3 500 00	4 400 00	4 400 00	-
Clerk	12 750 00	12 750 00	12 750 00	-
Board of Review	2 000 00	2 000 00	1 287 50	(712 50)
Treasurer	12 750 00	12 750 00	12 750 00	-
Building and grounds	14 500 00	14 500 00	9 498 70	(5 001 30)
Cemetery	41 000 00	41 000 00	28 100 92	(12 899 08)
Unallocated	455 170 53	454 032 73	29 401 31	(424 631 42)
Public safety:				
Police protection	75 000 00	75 000 00	57 978 52	(17 021 48)
Inspectors	33 000 00	33 168 00	28 498 84	(4 669 16)
Ordinance enforcement	40 000 00	40 000 00	8 114 58	(31 885 42)
Public works:				
Highways and streets	375 000 00	375 000 00	245 599 10	(129 400 90)
Street lights	3 700 00	3 700 00	3 124 23	(575 77)
Sanitation	30 000 00	30 000 00	20 745 26	(9 254 74)
Drains	7 500 00	7 500 00	2 381 25	(5 118 75)
Airport	16 000 00	16 000 00	825 00	(15 175 00)
Culture and recreation:				
Library	1 000 00	1 000 00	1 000 00	-
Other:				
Insurance	10 500 00	10 500 00	8 834 00	(1 666 00)
Pension	8 500 00	8 500 00	5 890 69	(2 609 31)
Capital outlay	17 500 00	17 500 00	2 303 98	(15 196 02)
Total expenditures	<u>1 210 020 53</u>	<u>1 209 950 73</u>	<u>529 502 63</u>	<u>(680 448 10)</u>
Excess (deficiency) of revenues over expenditures	(649 681 34)	(649 611 54)	127 177 89	776 789 43
Fund balance, April 1	<u>649 981 33</u>	<u>649 911 53</u>	<u>715 181 71</u>	<u>65 270 18</u>
Fund Balance, March 31	<u>299 99</u>	<u>299 99</u>	<u>842 359 60</u>	<u>842 059 61</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND  
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	216 003 28	216 003 28	215 674 91	(328 37)
Interest	-	-	2 670 94	2 670 94
Total revenues	<u>216 003 28</u>	<u>216 003 28</u>	<u>218 345 85</u>	<u>2 342 57</u>
Expenditures:				
Public safety:				
Fire protection	<u>230 000 00</u>	<u>230 069 80</u>	<u>229 098 25</u>	<u>(971 55)</u>
Total expenditures	<u>230 000 00</u>	<u>230 069 80</u>	<u>229 098 25</u>	<u>(971 55)</u>
Excess (deficiency) of revenues over expenditures	(13 996 72)	(14 066 52)	(10 752 40)	3 314 12
Fund balance, April 1	<u>13 996 72</u>	<u>14 066 52</u>	<u>340 896 61</u>	<u>326 830 09</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>330 144 21</u>	<u>330 144 21</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year ended March 31, 2005

Township Board:	
Fees and per diem	3 858 00
Social security	1 093 33
Miscellaneous	8 540 74
	<u>13 492 07</u>
Supervisor:	
Salary	10 350 00
Deputy	2 400 00
	<u>12 750 00</u>
Elections	
	<u>8 376 68</u>
Assessor:	
Contracted services	
	<u>11 400 00</u>
Audit	
	<u>4 400 00</u>
Clerk:	
Salary	10 350 00
Deputy	2 400 00
	<u>12 750 00</u>
Board of Review:	
Wages	
	<u>1 287 50</u>
Treasurer:	
Salary	10 350 00
Deputy	2 400 00
	<u>12 750 00</u>
Building and grounds:	
Custodian	
Repairs and maintenance	1 080 00
	<u>8 418 70</u>
	<u>9 498 70</u>
Cemetery:	
Wages	
Repairs and maintenance	11 852 50
	<u>16 248 42</u>
	<u>28 100 92</u>
Unallocated	
	<u>29 401 31</u>
Police protection	
	<u>57 978 52</u>
Inspectors:	
Wages	
Miscellaneous	25 121 23
	<u>3 377 61</u>
	<u>28 498 84</u>
Ordinance enforcement	
	<u>8 114 58</u>
Highways and streets:	
Repairs and maintenance	
	<u>245 599 10</u>
Street lighting:	
Utilities	
	<u>3 124 23</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year ended March 31, 2005

Sanitation:	
Transfer station	<u>20 745 26</u>
Drains	<u>2 381 25</u>
Airport	<u>825 00</u>
Library	<u>1 000 00</u>
Insurance	<u>8 834 00</u>
Pension	<u>5 890 69</u>
Capital outlay	<u>2 303 98</u>
Total Expenditures	<u><u>529 502 63</u></u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS  
March 31, 2005

<u>Assets</u>	<u>Liquor Law Enforcement</u>	<u>Fire</u>	<u>Total</u>
Cash in bank	8 710 88	299 813 14	308 524 02
Taxes receivable	-	33 234 39	33 234 39
Due from other funds	-	3 975 68	3 975 68
Total Assets	<u>8 710 88</u>	<u>337 023 21</u>	<u>345 734 09</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	711 40	6 879 00	7 590 40
Total liabilities	<u>711 40</u>	<u>6 879 00</u>	<u>7 590 40</u>
Fund balances:			
Unreserved:			
Undesignated	7 999 48	330 144 21	338 143 69
Total fund balances	<u>7 999 48</u>	<u>330 144 21</u>	<u>338 143 69</u>
Total Liabilities and Fund Balances	<u>8 710 88</u>	<u>337 023 21</u>	<u>345 734 09</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS  
Year ended March 31, 2005

	<u>Liquor Law Enforcement</u>	<u>Fire</u>	<u>Total</u>
Revenues:			
Property taxes	-	215 674 91	215 674 91
State revenue sharing	934 45	-	934 45
Interest	80 80	2 670 94	2 751 74
Total revenues	<u>1 015 25</u>	<u>218 345 85</u>	<u>219 361 10</u>
Expenditures:			
Public safety:			
Fire protection	-	229 098 25	229 098 25
Total expenditures	<u>-</u>	<u>229 098 25</u>	<u>229 098 25</u>
Excess (deficiency) of revenues over expenditures	1 015 25	(10 752 40)	(9 737 15)
Fund balances, April 1	<u>6 984 23</u>	<u>340 896 61</u>	<u>347 880 84</u>
Fund Balances, March 31	<u><u>7 999 48</u></u>	<u><u>330 144 21</u></u>	<u><u>338 143 69</u></u>



TOWNSHIP OF GENEVA  
Van Buren County, Michigan

BALANCE SHEET - PERMANENT FUND  
March 31, 2005

<u>Assets</u>	<u>Cemetery Perpetual Care</u>
Investments	
Total Assets	<u>18 922 81</u>
<u>Liabilities and Fund Balances</u>	<u>18 922 81</u>
Liabilities	
Fund balances:	
Reserved	
Total Liabilities and Fund Balances	<u>18 922 81</u>
	<u>18 922 81</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – PERMANENT FUND  
Year ended March 31, 2005

	Cemetery Perpetual Care
Revenues:	
Gain on investment	
Interest	1 407 10
	<u>128 09</u>
Total revenues	
	<u>1 535 19</u>
Expenditures – Cemetery	
	<u>-</u>
Excess of revenues over expenditures	1 535 19
Fund balance, April 1	<u>17 387 62</u>
Fund Balance, March 31	<u><u>18 922 81</u></u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

COMBINING BALANCE SHEET – ALL FIDUCIARY FUNDS  
March 31, 2005

<u>Assets</u>	<u>Current Tax Collection</u>	<u>Agency</u>	<u>Total</u>
Cash in bank	<u>26 480 23</u>	<u>630 00</u>	<u>27 110 23</u>
Total Assets	<u>26 480 23</u>	<u>630 00</u>	<u>27 110 23</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Due to other funds	9 603 43	105 00	9 708 43
Due to other units	<u>16 876 80</u>	<u>525 00</u>	<u>17 401 80</u>
Total liabilities	<u>26 480 23</u>	<u>630 00</u>	<u>27 110 23</u>
Fund balances:			
Reserved for cemetery care	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>26 480 23</u>	<u>630 00</u>	<u>27 110 23</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES – ALL AGENCY FUNDS  
Year ended March 31, 2005

	<u>Balance</u> <u>4/1/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/05</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>93 625 50</u>	<u>1 301 326 38</u>	<u>1 368 471 65</u>	<u>26 480 23</u>
<u>Liabilities</u>				
Due to other funds	32 293 16	469 211 71	491 901 44	9 603 43
Due to others	<u>61 332 34</u>	<u>832 114 67</u>	<u>876 570 21</u>	<u>16 876 80</u>
Total Liabilities	<u>93 625 50</u>	<u>1 301 326 38</u>	<u>1 368 471 65</u>	<u>26 480 23</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>738 00</u>	<u>7 068 00</u>	<u>7 176 00</u>	<u>630 00</u>
<u>Liabilities</u>				
Due to other funds	123 00	1 178 00	1 196 00	105 00
Due to others	<u>615 00</u>	<u>5 890 00</u>	<u>5 980 00</u>	<u>525 00</u>
Total Liabilities	<u>738 00</u>	<u>7 068 00</u>	<u>7 176 00</u>	<u>630 00</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank	<u>94 363 50</u>	<u>1 308 394 38</u>	<u>1 375 647 65</u>	<u>27 110 23</u>
<u>Liabilities</u>				
Due to other funds	32 416 16	470 389 71	493 097 44	9 708 43
Due to others	<u>61 947 34</u>	<u>838 004 67</u>	<u>882 550 21</u>	<u>17 401 80</u>
Total Liabilities	<u>94 363 50</u>	<u>1 308 394 38</u>	<u>1 375 647 65</u>	<u>27 110 23</u>

# CAMPBELL, KUSTERER & CO., P.C.

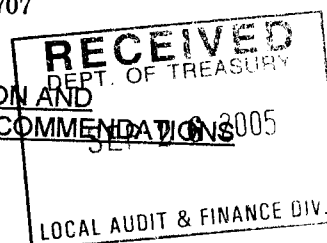
CERTIFIED PUBLIC ACCOUNTANTS

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## AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS



July 5, 2005

To the Township Board  
Township of Geneva  
Van Buren County, Michigan

We have audited the financial statements of the Township of Geneva for the year ended March 31, 2005. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Geneva in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board  
Township of Geneva  
Van Buren County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

### **GASB 34 IMPLEMENTATION**

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2005. The implementation of this pronouncement for the Township of Geneva began with the year ended March 31, 2005. The daily operations and recording transactions did not change significantly, however, the Township is required to maintain additional records for the year end adjustments to the final presentation format.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2005.

To the Township Board  
Township of Geneva  
Van Buren County, Michigan

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell, Kusterer & Co., P.C.*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants